United Nations E/CN.3/AC.1/1998/L.3

Economic and Social Council

Distr.: Limited
28 October 1997

Original: English

Working Group on International Statistical Programmes and Coordination
Nineteenth session
New York, 10-13 February 1998
Item 6 of the provisional agenda*
Some critical problems in economic statistics

Report on status/work of "city and other important groups"

Note by the Secretary-General

The Secretary-General has the honour to transmit to the Working Group the reports of various city and other important groups on their activities, which are contained in the annex. The report is transmitted to the Working Group in accordance with a request of the Statistical Commission at its twenty-ninth session.[1]

Notes

[1] See *Official records of the Economic and Social Council*, 1997, Supplement No. 4 (E/1997/24), chap. II

* E/CN.3/AC.1/1998/1.

97-30271 (E) 161297

Annex

Report on status/work of city and other important groups

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I. Introduction

1. At its twenty-ninth session (10-14 February 1997), the Statistical Commission:[a]

(a) Took note of the formation of various groups on different critical problems in economic statistics, and agreed with their proposed activities;

(b) Agreed on the need to conduct an evaluation of the global International Comparison Programme (ICP);

(c) Took note of the offer of the United Nations Statistics Division to distribute materials received from the above-mentioned groups and to establish, on the Division's home page, links to the various computer bulletin boards.

2. In an effort to disseminate information on the various groups and their past and future activities, the Director of the United Nations Statistics Division wrote a letter dated 16 May 1997 to the heads of all national statistical offices, as well as to the heads of statistical units of international organizations. The letter explained the genesis and the workings of the city groups, and addressed the issue of participation in city groups and the role of the Division. Together with the letter the reports presented by the various groups to the Statistical Commission and a table of contact addresses were distributed.

3. The United Nations Statistics Division has also established a city group page on its home page.[b] The home page contains general background information on the groups, and provides the user with the names and addresses of liaison officers. To the extent that the groups do entertain World Wide Web sites with information on their meetings and research activities links have been established. Furthermore, the Division is offering a special e-mail address to which queries about the groups may be sent.

4. The status reports submitted by the various groups are set out below. An update on the evaluation process of the global ICP will be given orally at the Working Group meeting.

II. Reports of the city and other important groups

A. Paris Group on Labour and Compensation

5. As announced previously, the new Paris Group on Labour and Compensation was formally launched during the spring of 1997, with the Institut national de la statistique et des études économiques (INSEE) in charge of coordinating its activities. After various exchanges with Mr. Fahrad Mehran of the International Labour Organization (ILO) and Mr. Bruce Petrie of Statistics Canada, who coordinated a group at the Organisation for Economic Cooperation and Development (OECD) in the same domain, which constitutes the core of the Paris Group, it was decided to increase the number of participants so that the Paris Group reflects the world statistical community rather than the former OECD group, but only moderately at first so that the total number of participants does not exceed about 20. In that way, the informal aspect of a Voorburg-type group is expected to be maintained.

6. To that end, contacts have been made with statistical representatives of the following countries: Argentina, Australia, Italy, Malaysia, Netherlands, Poland, Romania, South Africa and the former Yugoslav Republic of Macedonia (some of those countries had spontaneously expressed some potential interest in the Paris Group). All those countries, as well as all members of the former OECD group (Canada, Finland, France, Germany, the United Kingdom of Great Britain and Northern Ireland, the United States of America, the ILO, OECD and the Statistical Office of the European Communities (Eurostat)), have been invited to participate in the 1st meeting of the Paris Group.

7. That 1st meeting will take place in Paris on 27 and 28 November 1997. The main topics that will be dealt with are labour market dynamics; reconciliation of estimates of employment (and unemployment) from different sources; work duration; self-employment; and dimensions of job quality. The emphasis will mainly be on statistical or measurement practices and problems in each participating country, rather than on academic, research, theoretical methodology or economic policy aspects, which are probably better covered in other organizations. Also, for most of those topics, each participant is requested to provide a very short descriptive paper, in order that participants may be informed of the situation prevailing in each participating country and begin to accumulate comparative international information. On a voluntary basis, a few more substantive papers on the main topics of the meeting will be provided by the most experienced participants to feed the general discussion.

8. As in any other Voorburg-type group, participants are selected on an individual basis and are expected to get financing funds by themselves and to take care of making adequate travel and hotel reservations.

B. Ottawa Group on Price Indexes

9. The 3rd meeting of the Ottawa Group on Price Indexes was held at Voorburg, the Netherlands, from 16 to 18 April 1997.

10. Twenty-eight papers were discussed at the meeting. The majority of the papers addressed issues of bias that were discussed in the report of the Boskin Commission, in particular how to deal with low-level substitution bias, and the treatment of new goods and quality change. The use of scanner data to treat those issues was a common theme. The other papers were varied in scope, although there was a small concentration attending to the issues of the underlying, or core rate of inflation, and its (or their) definition and measurement.

Lessons learned

11. There is now a clear consensus on the method of calculations at the lowest level of aggregation. Since the 1st meeting of the Ottawa Group in 1994, member countries have been leaning towards adopting geometric means for statistical and practical purposes. More recently, theoretical work has been moving towards finding justifications in utility theory for that treatment or for the use of constant elasticity of substitution functions.

12. The use of scanner data in research is becoming widespread. It has been used to examine the choice of formula, including the possibility of computing superlative indexes, and to address questions of sampling, as well as to provide a database for the application of regression analysis to shifts in quality of observed goods. However, at present no one is close to applying those data in practice because the problems of dealing with such large bodies of data and verifying their accuracy have yet to be addressed. Exploiting those data appears to provide an opportunity to reduce the effects of some of the problems causing bias and even to eliminate them altogether.

13. A third theme dealt with quality change, in particular the application of hedonic methods to evaluate quality change, as well as more traditional methods, and the examination of the treatment of outlet shifts compared to product changes. It was clear that there is a conceptual work as well as empirical work to be done in those areas, and agencies should try to harmonize their approaches.

C. Canberra Group on Household Income Statistics

14. The Canberra Group on Household Income Statistics is a flexible working group of experts in household income statistics from national statistical offices and agencies. The Canberra Group was established to address collectively the common conceptual, definitional and practical problems that such agencies are facing, and in that way to improve international comparisons of data on income distributions.

15. Following the practice of the Voorburg Group, the members of the Canberra Group may be representatives of national statistical offices, international organizations or other across-country organizations. Members of the Canberra Group are experts in the field of household income statistics and/or the more general field of economic well-being. All members will make a commitment to contribute in a substantial way to the research and other activities of the Group. Members will contribute to the Group in their personal capacities, without necessarily committing their employers.

16. The Australian Bureau of Statistics convened the 1st meeting at Canberra on 2 to 4 December 1996; the expert group took its name from that venue.

17. Members of the Canberra Group participating in the 1st meeting included representatives of national statistical and other agencies from Europe, Asia, North and South America, Australia and New Zealand, and a number of international organizations. Other agencies that were unable to attend the 1st meeting expressed interest in the future work of the Group. There was agreement at the 1st meeting that the Canberra Group should be as open and inclusive as possible.

18. The 1st meeting focused on conceptual issues and practical problems under the following headings: data sources and related issues; methods and analytical issues; income inequality; and international comparison. The Group recognized that the task of developing standards and guidelines on household income statistics was potentially extremely large, and it felt that in order to make substantial progress it would need to identify goals that could be achieved in the short to medium term.

19. The meeting endorsed a programme of work that would also form the agenda for the next meeting, to be held in the Netherlands in March 1998. The broad areas of work include:

(a) Documentation on methodology and quality;

(b) Statistical units: concepts, definitions and use;

(c) Developing a hierarchy of income concepts and definitions;

(d) Reconciliation with national accounts and other national aggregates;

(e) Measurement of self-employed income.

20. A report on the 1st meeting, including papers contributed, are available on the Group's World Wide Web site at:

www.census.gov/hhes/www/incmeas.html.

Two other e-mail addresses may be used for further queries about the Group:

Harry Kroon, Australian Bureau of Statistics
Harry.Kroon@abs.gov.au

Paul van der Laan and Central Bureau of Statistics of the Netherlands
plan@cbs.nl

D. Expert Group on Capital Stock Statistics

21. The issue of capital stock measurement was one of 15 critical problems in economic statistics recognized at the eighteenth session of the Working Group on International Statistical Programmes and Coordination (New York, 16-19 April 1996). The Australian Bureau of Statistics volunteered to host a conference on the issue.

22. The Expert Group on Capital Stock Statistics held a conference at Canberra from 10 to 14 March 1997.

23. Topics discussed included:

(a) A review of the practices of participating countries;

(b) Concepts of capital;

(c) Perpetual inventory method (PIM): practice and problems;

(d) Alternative approaches to measuring capital stock, primarily direct collection;

(e) Experience with multifactor productivity;

(f) New measures of capital related to the extension of the asset boundary as recommended by the System of National Accounts, 1993 (1993 SNA);

(g) Balance sheet issues;

(h) International comparability and cooperation, including plans for the future.

24. There is clearly a high degree of commonality in the methods used by the countries represented at the conference, such as a general reliance on the perpetual inventory method, with a lesser use of direct measurement; extensive use of Laspeyres price indexes (albeit at a fine level of disaggregation) and fixed-weighted volume indexes; and straight-line depreciation assumptions. However, there are significant differences in the level of detail used in terms of sectoral, industry (branch) and asset types. It was acknowledged by a number of countries that valuation of capital stock for service industries was of poorer quality than for other industry groups.

25. There was also a significant degree of commonality in the problems reported by countries concerning their current systems for deriving capital stock estimates. Those problems include:

(a) A lack of empirical data directly relevant to individual countries on asset service lives for different types of assets;

(b) Inadequate dissection of estimates by type of equipment;

(c) Privatization — difficulty of satisfactorily implementing intersectoral capital stock adjustments;

(d) Difficulties in redistributing capital stock acquired through financial leases to industry of use;

(e) Lack of data on second-hand transactions;

(f) Inadequate treatment of extraordinary events and unforeseen obsolescence.

26. Among the difficulties identified, the lack of current data regarding asset service lives was considered to be most important. Difficulties in determining asset lives centred around the high cost and respondent load associated with obtaining and maintaining good measures. The conference recognized that such problems were further complicated by significant differences between countries affecting asset service lives, such as climate, culture and pace of economic development. Those differences imply that each country should determine asset lives appropriate for its own environment. Concern was expressed about the reliance on OECD estimates, which are largely dependent on "second-hand" estimation methods used (and reported) by individual member countries, which inevitably affect the accuracy of the estimates of capital stock.

27. The conference drew a distinction between the measure of capital stock required for productivity analysis and the measure required for wealth analysis. Since that distinction does not seem to be widely understood, it was felt that it

should be widely disseminated for the benefit of both compilers and users of capital stock data. A description of those concepts and an explanation of their differences is contained in paragraphs 37 to 44 in the summary record of the conference (see para. 31 below), which constitutes the final report of the conference.

28. There was general agreement that a significant work programme will be required to address outstanding and emerging capital stock issues. It was agreed that the results of such work could usefully be incorporated into a handbook on capital stock measurement that would cover both conceptual issues and suggested best practices in the compilation of capital stock statistics. OECD has since agreed to develop and publish such a handbook in consultation with interested agencies, as part of its reference documentation on national accounts issues. It was further agreed that a target of about end-1999 should be set for the completion of such work, with publication of the handbook as soon as possible thereafter. As a by-product of that work, valuable suggestions for revisions to and the further elaboration and development of the 1993 SNA might result.

29. It was agreed that focusing on the development of such a handbook would define the purpose and agenda for two further conferences on capital stock measurement. OECD offered to provide a venue and administrative support for a further conference in about September 1998. Invitations will be extended to both member and non-member countries of OECD. An informal organizing committee for that next conference has been set up, comprising representatives of OECD, the Economic Commission for Europe (ECE), the Australian Bureau of Statistics, Statistics Canada, the United States Bureau of Labor Statistics, the Netherlands Central Bureau of Statistics, the Department of Statistics Singapore and the Central Bureau of Statistics of Indonesia.

30. The draft report of the above-mentioned conference was an agenda paper for discussion at a joint OECD/ECE/Eurostat meeting on national accounts held in June 1997. In general, participants at that meeting felt that capital stock measurement was an important but complex issue on which further methodological and practical guidance was needed, for both the developed market economies and countries in transition. The report of the conference was seen as contributing to a good base for further work.

31. All papers from the conference, including the final report, will be made available at a World Wide Web-site on the Internet in the near future. The site will be managed and maintained by the OECD Statistics Directorate.

E. Sienna Group for Social Statistics

32. The Sienna Group's purpose is the promotion and coordination of international cooperation in the area of social statistics by focusing on social indicators, social accounting, concepts and classifications, and an analysis of the linkages and frameworks for integrating social, economic and demographic data for the purposes of policy formulation and analysis. It is an informal group of experts, primarily from national statistical offices, but also from governmental agencies and academia, whose participation is voluntary. The Sienna Group also has a steering committee — known as the Promotion Group — that meets on an ad hoc basis so as to ensure that the Sienna Group's initiatives are sustained. The Promotion Group includes, among others, Ms. Barreiros of Eurostat, Mr. Guteland of Statistics Sweden, Mr. Glaude of INSEE, Mr. Longva of Statistics Norway, Mr. Suarez of the Swiss Federal Statistics Office, Ms. McEwin of the Australian Bureau of Statistics, Ms. Mikkelsen of ECE and Mr. Garonna of the Italian Statistical Office. The Sienna Group asks that members contribute a substantive paper to the meeting of the Group that they are participating in, and that the national statistical office hosting the meeting assumes responsibility for preparing a volume of proceedings after each meeting.

33. In June 1997, the Sienna Group held a meeting on the theme "On the way to a multicultural society", which was hosted and organized by the Swiss Federal Statistical Office at Neuchâtel, Switzerland. It was the 5th meeting of the Sienna Group. The 2nd to 4th meetings considered the themes "Intergenerational relations and social mobility" (Paris, 6 and 7 June 1996); "Monitoring social exclusion in education and labour markets" (Oslo, 8 and 9 June 1995); "social reporting and social accounting" (Stockholm, 6 and 7 June 1994). The 1st meeting, marking the formal establishment of the Sienna Group, took place at Sienna from 17 to 20 October 1993 in the form of an international conference in memory of Sir Richard Stone, and addressed the theme "Social statistics, national accounts and economic analysis". Although each meeting has produced a publication of proceedings, the volume *A Statistical Portrait of Youth Exclusion* (1997), which resulted from the Oslo meeting, is the Sienna Group's most recent publication and is anticipated to establish the pattern for monitoring reports that the Group intends to pursue in the future.

34. The host country of the Sienna Group's meetings changes. The Group's 6th meeting will be organized and hosted by the Australian Bureau of Statistics at Sydney in December 1998. The proposed theme is "Families in the twenty-first century", and as is the case for the 5th meeting,

a monitoring report is expected to be produced. Moreover, the 6th meeting has scheduled a third day on which the harmonization of concepts and classifications in social statistics is discussed, the objective being to take stock of what has been achieved so far and what can be achieved in the future through Sienna Group meetings.

35. The Sienna Group has not yet established an Internet site. However, for information on its 5th meeting, contact:

Mr. Heinz Gilomen
Swiss Federal Statistical Office
Heinz.Gilomen@bfs.admin.ch

For information on the 6th meeting, which will be organized and hosted by the Australian Bureau of Statistics at Sydney, contact:

Mr. Tim Skinner
Australian Bureau of Statistics
Tim.Skinner@abs.gov.au

F. Expert group on intangibles

36. At its twenty-ninth session, under the agenda item "Critical problems in economic statistics", the Statistical Commission discussed the economics of intangibles. A contribution from the United Kingdom of Great Britain and Northern Ireland argued that the threat to the public perception of economic statistics posed by the development of intangibles came not from the difficulty of collating the statistics or constructing economic accounts but from the diminishing relevance that they might be seen to have to public and policy concerns. The United Kingdom paper proposed that what was needed to address that problem was to take forward the agenda set out in the 1993 SNA, particularly concerning the use of satellite accounts. It was argued that in a period of rapid technical change, the link between output and outcome could become unstable. That has manifested itself in a concern with the measurement of quality change. In that context, satellite accounts could serve to link traditional economic accounts with the underlying concerns of economic welfare, on the one hand, and production and productive capacity, on the other.

37. It was proposed that an expert group be set up that would operate by correspondence. The Statistical Commission took note of the contribution, and agreed that a definition of those emerging problems should be sought within established economic statistics.

38. In May 1997, the same issues were discussed by national directors-general of statistics of the European Union at their annual conference, after which the United Kingdom contacted other statistical offices to propose the establishment of an electronic group to try to take forward the work. In order to start the ball rolling a questionnaire was circulated to try to assess current international practice on the treatment of intangibles. So far, about five offices have responded and three have completed questionnaires.

39. The next stage will be to produce a synthesis of responses to the questionnaire; that will provide an inventory of current practice. Participants in the electronic group will be invited to help develop a work programme. If the broad proposals are accepted, that should lead to some further development of the structure and classification systems for satellite accounts in general and those which bear on intangibles in particular.

40. The United Kingdom also leads a Eurostat working group on intangible assets. The focus of that group is on those elements of intangibles that the 1993 SNA includes within the asset boundary. It will make recommendations on measurement and valuation for those assets. Any intangible assets addressed in United Nations intangible projects will focus on items, such as research and development and training, that are not capitalized in the 1993 SNA. Another Eurostat group is looking at the implications of intangibles for structural business statistics.

41. Parallel developments are the discussions in the Voorburg Group on measuring information industries, an OECD group on the accounting treatment of intangible capital, and work on the productivity paradox as represented in the Ottawa conference organized by the Centre for the Study of Living Standards in spring 1997.

42. Similar techniques to those proposed for intangibles are to be proposed for addressing the direct measurement of public sector output; they were described in a United Kingdom paper submitted to the joint OECD/ECE/Eurostat national accounts meeting held in Paris in June 1997.

43. A further progress report will be before the Working Group as a background document.

G. Delhi Group on Informal Sector Statistics

1. Introduction

44. Since the informal sector has been growing at a significant pace in most developing countries, and since India has accumulated some experience in developing a database for measuring the contribution of that sector, the idea of setting up the Delhi Group on Informal Sector

Statistics was put forward. The Department of Statistics of the Government of India thus took the initiative to constitute such an expert group. The Department prepared a basic concept paper on the subject of informal sector statistics, and circulated it among various countries, international agencies and other concerned experts, researchers and organizations. The Statistical Commission endorsed the proposal of the Government of India for the constitution of the Delhi Group on Informal Sector Statistics.

45. Earlier, the ILO had contributed to the understanding of the nature and the scope of the informal sector. The ILO had given guidance for data collection through surveys, which helped to institutionalize the informal sector and to integrate it into the development process. Thereafter, the United Nations Statistics Division, jointly with the Economic Commission for Africa, organized a workshop on statistics on services in the informal sector for the Africa region at Addis Ababa in June 1996. It also organized in cooperation with the Economic and Social Commission for Asia and the Pacific (ESCAP) and the ILO, a workshop on statistics on the informal sector at Bangkok from 12 to 16 May 1997.

2. First meeting of Delhi Expert Group

46. The 1st meeting of the Delhi Group was organized by the Department of Statistics, Ministry of Planning and Programme Implementation of the Government of India, from 20 to 22 May 1997 at New Delhi. The meeting was inaugurated by Prof. Y. K. Alagh, Minister of Planning and Programme Implementation and Science and Technology and was attended by 37 participants, including 10 representatives of eight countries and 6 representatives of five international agencies.

47. Based on the presentations and deliberations, the following recommendations/conclusions were made by the Delhi Group at its 1st meeting:

(a) The recommendations made by the United Nations Statistics Division/ILO/ESCAP workshop on statistics of the informal sector, held at Bangkok from 12 to 16 May 1997, were endorsed by the participants. They also agreed to the agenda suggested for the Delhi Group by the workshop which shall be duly included in the future plan of action of the Delhi Group. The recommendation to rotate meeting venues of the Delhi Group among member countries, as well as the recommendation to seek financial and/or technical assistance from donors and international agencies, were appreciated. The Deihi Group agreed to make efforts to seek the representation of countries from all regions of the world, particularly those from Africa and the former USSR;

(b) The Delhi Group will make efforts to delineate various criteria, such as (i) employment size, (ii) non-registration and (iii) lack of accounts, criteria which are commonly used by countries to identify the informal sector and which are part of the international definition;

(c) Another issue the Group identified was the need to assess the seasonal variations that normally impair the results of the informal sector statistics;

(d) Efforts should be made to develop a minimum data set for the use of its members in order to facilitate international comparability that meets the requirements of analytical issues in addition to those of national accounts;

(e) Papers contributed in various earlier international and regional forums, workshops, conferences etc. on the subject of informal sector statistics, as well as reports of such meetings, should be considered by the Delhi Group, and issues/recommendations covered therein should be documented;

(f) It was suggested that the Delhi Group might identify important issues from the above-mentioned reports for its own detailed consideration;

(g) Currently, two types of surveys — industry-specific surveys and informal sector surveys covering all relevant industries — are being undertaken to collect data on the informal sector. The Delhi Group may study those options, keeping in view measurement objectives and data needs;

(h) The participants suggested that the desirability and feasibility of including agriculture, professional services, paid domestic services, outwork/homework etc. in the scope of the informal sector should be discussed by the Delhi Group, within the context of the outcome of the fifteenth International Conference of Labour Statistician and the 1993 SNA;

(i) To minimize the obsolescence of the sampling frame, measures to reduce the time gap between the listing stage and the detail canvassing stage of informal sector surveys should be developed.

48. The Delhi Group decided that its membership will be open to all national statistical agencies. Interaction with the international agencies and regional commissions will be continuously and vigorously maintained in order to seek contributions in the form of papers and the participation of institutional representatives at meetings.

3. Finalization of the proceedings of the 1st meeting

49. The report on deliberations of the 1st meeting of the Delhi Group on Informal Sector Statistics was sent to all participants at the meeting. In addition, 11 countries of Africa, 5 from the former USSR and 6 other countries, as well as one institution, have also been invited afresh to join the Delhi Group. A copy of the report of the 1st meeting of the Delhi Group has been sent to them. Each invitee country has been requested to send its country paper on the status of informal sector statistics for circulation; each was also requested to attend the 2nd meeting of the Delhi Group.

4. Present status

50. As decided at the 1st meeting of the Delhi Group, the 2nd meeting is scheduled to be held at Ankara, Turkey during the last week of March 1998.

H. Voorburg Group on Service Statistics

51. The Voorburg Group met for the first time at Voorburg, the Netherlands in January 1987 at the request of the United Nations Statistics Division. Its mandate was to assist in the development of a classification of products created from service activities (Central Product Classification—Services). The Group expanded its scope, in line with the wishes of participants, to include discussing ways of estimating real product of service activities; prices of modern service products; international trade in services, and employment, skills and occupations in modern service activities.

52. The Voorburg Group's practice is to meet annually for a week to discuss a pre-established and mutually agreed agenda, and to conclude by either producing or agreeing to produce a standard or a practice to be used in the compilation of better statistics on service activities. The Group's conclusions are first transmitted to the United Nations Statistics Division and subsequently submitted for international endorsement to the Statistical Commission for wider dissemination. The Group has also devoted considerable effort to the evaluation of the standards that it has contributed to establishing.

53. Among its achievements, the Group ranks as foremost the development of the Central Product Classification (CPC release 1.0) and of model questionnaires for data collection from a variety of service activities. The work on model surveys can be found in *A Model Survey of Computer Services*;[c] the CPC version 1.0 will be published as ST/ESA/STAT/SER.M/77 (version 1.0). Currently, the Group is working on a standard questionnaire on employment variables for service activities.

54. The technical papers produced and reviewed by the Group are available on CD-ROM directly from Eurostat.

55. The Voorburg Group's next meeting is scheduled to take place in Rome on 21 September 1998. Its agenda will focus more specifically on matters related to the information society, and a detailed version should be available before year end.

I. London Group on Environmental Accounting

56. The London Group was created to allow practitioners to share their experience of implementing environmental accounting linked to national accounting as satellite accounts. It convened its 1st meeting in March 1994 in London, its 2nd meeting at Washington, D.C. in 1995, its 3rd meeting at Stockholm in 1996 and its 4th meeting at Ottawa in June 1997. Participation is limited to invited representatives from statistical offices from 12 to 14 countries and 5 international organizations (hereafter referred to as participants). All participants pay their own way. The meetings are hosted voluntarily by participants one at a time. To date, the United Kingdom, the United States and Sweden have provided facilities and secretarial functions for one of the meetings. A papers and proceedings volume has been compiled after each meeting.

57. The 1st meeting provided a forum for participants to review, compare and discuss work under way towards the development of environmental accounts. The ensuing discussion of frameworks and analyses revealed substantial differences in conceptual approaches, some originating from historical development and others from emerging or current trends. For example, the Dutch National Accounting Matrix including Environmental Accounts (NAMEA) emphasized accounting for emissions in physical terms, organized under thematic headings. The issue of the sustainable use of natural resources has influenced other countries to move towards the framework of the System for Integrated Environmental and Economic Accounting (SEEA). There was general agreement that the frameworks are broadly consistent and the choice of a framework depends on the desired emphasis. The usefulness of "green national product" and green aggregates received mixed reviews. For some, the underlying issues were too complex to be represented by a set of aggregates. For others, the difficulties in establishing sound underpinnings (e.g., valuation challenges) and attaining agreement on appropriate approaches implied that

it is still too early in the collective experience to commit to such measures. The London Group agreed that its next meeting would focus on framework building and valuation issues.

58. The Washington, D.C., meeting revealed that there was widespread movement among participants to adopt the 1993 SNA recommendations with respect to the broader definition of the balance sheet. All countries (except the United States) were on course to include monetary values for their natural resource assets within their national balance sheets within the next 2 to 3 years. However, there was still little consensus on valuation methods. Furthermore, most countries were working to develop physical material flow and waste output accounts to link to traditional input-output accounting systems. The classification of environmental expenditures (SERIEE) also appeared to be emerging as a broadly accepted standard, and Sweden and the United Kingdom had adopted the NAMEA framework as the organizing structure for their work. Valuation remained at the forefront of the discussions as participants grappled with the thorny issues of valuing resource depletion, determining total costs of environmental protection, and assessing the worth of environmental goods, such as clean air and water. Among other topics which were discussed, a few were identified for additional research and for the future agenda, including intended use and applications for the monetary and physical accounts, and accounting for resources with multiple and complementary uses, such as forests.

59. The 3rd meeting was held in May 1996. After two rather general meetings, the third focused on more specific issues, with detailed examples of applications. An entire day was devoted to forest accounting, addressing the challenges of physical measures and the nuances of monetary valuation. Other topics included material flow in environmental accounting and the cost of pollution, as well as existing policy uses of the accounts. Part of the wrap-up addressed the future direction for the London Group, and a long-term plan for future meetings was evolved.

60. The 4th meeting was held at Ottawa in June 1997. A full day session addressed the evolution of SEEA and its strengths and weaknesses, and identified areas common to different accounting systems, areas where there are legitimate differences with other systems with some account of differences, features which are missing or outside the scope of the accounts, and aspects of the present SEEA which might be omitted in a revised version. A discussion group was established to further the deliberation and to put forward concrete proposal for consideration at the 5th meeting.

61. A second session identified the status of the debate on issues related to natural resource accounting (as far as balance sheet and related matters are concerned). A third session explored the impact of environmental targets on the economy, seeking to examine the physical external effects of economic activity on the environment with the objective of establishing links to monetary indicators from environmental targets set by the political process. Alternative approaches to environmental protection, such as different levels of permitted emissions, could then be modeled to quantify the impact on the economy. A fourth session examined water resource accounting: the development of resource stock and use accounts, and the underlying concepts, definitions and methods. That session opened the discussion on how to include the less "economic" issues of water accounting within the framework of environmental accounting.

62. The first three meetings produced a very valuable set of papers and a useful cross-fertilization of ideas through the discussions. Their papers have been published by the host organizations for the benefit of a wider public, and include:

(a) United States Bureau of Economic Analysis, "Second meeting of the London Group on Natural Resource and Environmental Accounting: conference papers", (Washington, D.C., March 1995);

(b) Statistics Canada, "National accounts and the environment: papers and proceedings from a conference held in London, England, March 1994" (Ottawa, 1994);

(c) Statistics Sweden, "Third meeting of the London Group on Natural Resource and Environmental Accounting: proceedings volume" (Stockholm, May 1996).

63. The proceedings of the Ottawa meeting will be published in early 1998, and will be available on the Internet as well as in hard copy form.

64. The 5th meeting of the London Group is planned for 25 to 29 May 1998 at Fontevraud, France.

J. Rio Group on Poverty Statistics

65. The Rio Group on Poverty Statistics will meet for the second time at Rio de Janeiro from 13 to 15 May 1998; the meeting will be convened by the Brazilian Institute for Geography and Statistics (IBGE) and the Economic Commission for Latin America and the Caribbean (ECLAC). The goal is to harness the experience and concerns of different experts, countries and organizations in the measurement, interpretation and use of poverty statistics, leading to a consolidated document containing suggestions,

recommendations and information on the state of the art in matters of poverty measurement, which could be useful to improve the quality and usefulness of those studies.

66. The 1st meeting, organized by ECLAC at Santiago in May 1997, was an occasion for countries to present their experiences. It is expected that the Rio de Janeiro meeting will be centred on in-depth studies of important topics identified in the Santiago meeting. The following four elements are included in the provisional agenda:

(a) *Poverty lines:* the most recent experiences in drawing and using poverty lines; introduction of new methods, information sources and criteria oriented towards the improvement of the representativeness of poverty lines and the links to policy; coordinated use of absolute and relative poverty lines; indicators used to measure poverty; national, regional and group-specific poverty lines;

(b) *Focused or targeted poverty studies:* experience in studies targeted to study poverty situations within specific, disadvantaged groups — women, elderly, ethnic minorities, rural communities; approaches, methodologies and outcomes;

(c) *Statistical instruments for the measurement of poverty:* recent experience derived from the use of panel surveys; the present and potential use of existing household, family budget surveys, employment and other studies; the use of administrative records; the need to introduce changes in traditional statistical instruments to improve poverty statistics;

(d) *Poverty statistics and social policy:* efforts to improve the understanding of the poverty phenomenon and its heterogeneity; experience and possibilities of linking the measurement of poverty with specific action by Governments and other agencies in poverty reduction.

67. Paper proposals for the above-mentioned topics are welcome, and should be sent to:

Mr. Pedro Sainz
Economic Commission for Latin America and the Caribbean
psainz@eclac.cl

and/or

Mr. Simon Schwartzmann
Brazilian Institute for Geography and Statistics
simon@ibge.gov.br

Participation in the Rio meeting should be supported by the respective countries and organizations. Documents and information about the Rio Group and materials produced for the 1997 Santiago meeting can be found at the Rio Group home page at:

http://www.ibge.org/poverty

K. Round table on business frames

68. The round table was convened for the first time at Ottawa in May 1986. Its first two meetings were designed to allow experts from about a dozen statistical agencies to exchange views and experiences bearing on the development, maintenance and use of sampling frames for business surveys (business registers). Subsequently, round-table participants felt that their mutual interests justified an annual meeting to evaluate each other's activities and to place their collective wisdom at the disposal of any international or supranational agency developing guidelines for business frames.

69. In the past, round-table activities have been mostly concentrated on exchanging views and evaluating current trends and practices designed to improve the quality of business surveys. Recently, meetings have become more focused on particular subject, such as the quality of business frames; globalization and business registers; and the integration of business surveys within statistical agencies. But in addition to such subjects, the round table has also discussed matters ranging from technology trends to the definition of business units and their representation on statistical registers.

70. Technical papers produced and discussed at the first 10 meetings of the round table are available on a CD-ROM, contact:

Peter Demmons
Statistics Canada
(613) 951-4055
Fax: (613) 951-6196

Current papers may be consulted at the following Web site:

www.stat.go.jp/roundtable/rndtab.htm

71. The next meeting of the round table is scheduled for Helsinki in September 1998, and the agenda will be dominated by discussions on the globalization of business demography (births, deaths and life expectancy of business). Contact:

Ms. Tuula Viitaharju
Statistics Finland
Tel.: 358.9.1734-3378
Fax: 358.9.1734-3554

III. Points for discussion

72. The Working Group may wish to discuss whether agrees with the proposed activities of the city and other important groups.

Notes

a See *Official Records of the Economic and Social Council, 1997, Supplement No. 4* (E/1997/24), II, para. 13.

b World Wide Web site:

http://www.un.org/Depts/unsd

E-mail address:

citygroup@un.org

c Statistical Papers, Series M, No. 81 (United Nations publications, Sales No. E.91.XVII.12).